Community and Economic Impacts of the St. Croix River Crossing

A St. Croix County Perspective

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Study Purposes

Study goals:

- Broadly understand how the River Crossing could impact the region's future economy, tax base and provision of services;
- Give communities information and tools to help them better plan for economic and fiscal impacts of the River Crossing;
- Identify opportunities for shaping future growth;

What this study does *not* do:

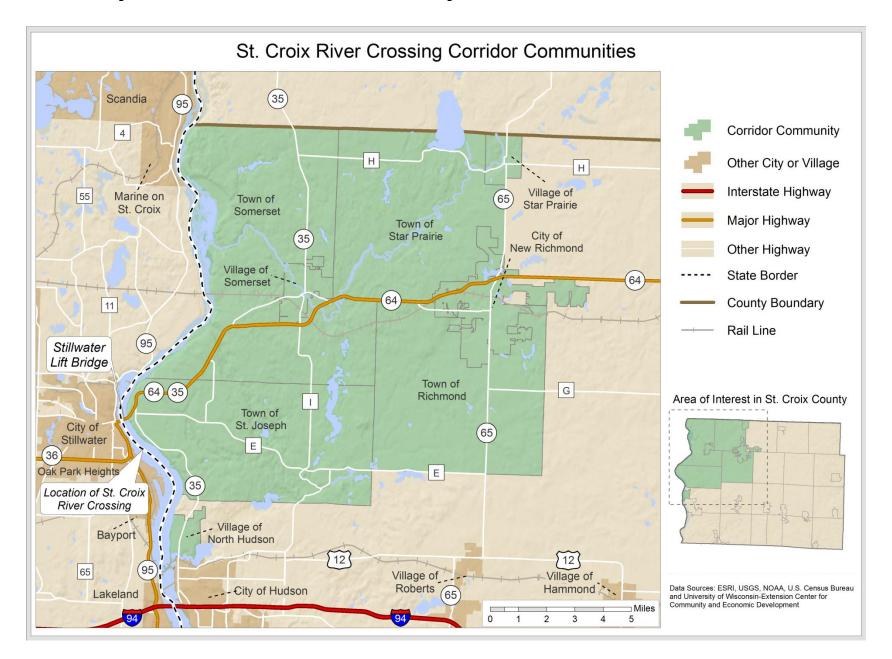
- Study or determine future land use;
- Pinpoint impacts on communities;
- Create a comprehensive economic development strategy;

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Study Focus is St. Croix County and "Corridor Communities"



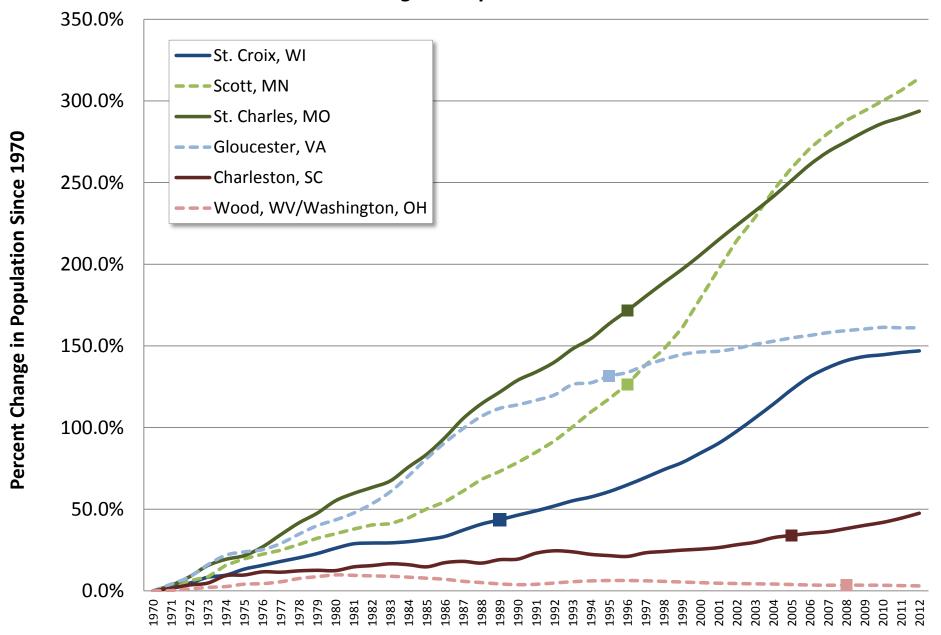
Key Finding #1 - Infrastructure improvements can be seen as a catalyst for change, but are neither necessary nor sufficient to guarantee economic and population growth rates in surrounding areas.

- It is difficult to isolate the growth impacts of new transportation
 infrastructure Population growth and economic development are influenced
 by many conditions, none of which can individually spur change;
- Enhanced or new highways in suburban areas generally have a positive
 influence on population and economic growth However, population growth
 in a community located near a highway expansion is also influenced by its
 historical growth trend and by the growth rates in neighboring municipalities;
- Decisions in one community can influence growth in other corridor communities - The bridge will further connect corridor communities physically, socially and economically (partnerships will be needed);

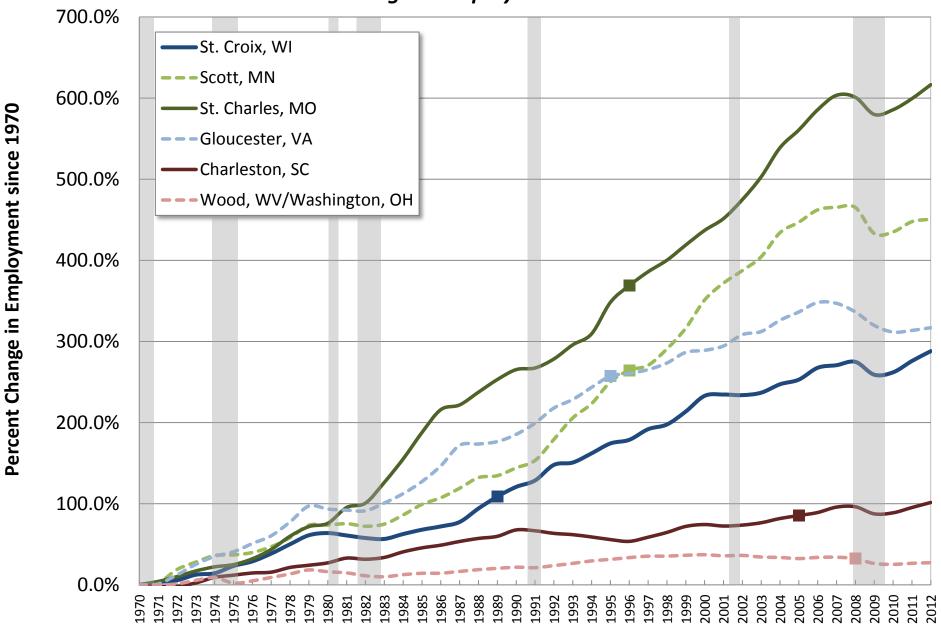
Analysis of Comparable Projects

- Highway 370 Corridor in St. Charles County, MO (1996) Located within the St. Louis, MO-IL MSA;
- Bloomington Ferry Bridge in Scott County, MN (1996) Part of the Minneapolis-St. Paul-Bloomington, MN-WI MSA;
- The Arthur Ravenel Jr. Bridge in Charleston County, SC (2005) located in the Charleston-North Charleston-Summerville, SC MSA;
- The Blennerhasset Bridge spanning the Ohio River between Wood County, WV and Washington County, OH (2008) - Situated in the Parkersburg-Marietta-Vienna, WV-OH MSA.
- The George P. Coleman Memorial Bridge in Gloucester County, VA
 (1995) Sited in the Virginia Beach-Norfolk-Newport News, VA-NC
 MSA;

Population Trends in Comparable Areas Percent Change in Population Since 1970



Employment Trends in Comparable Areas – 1970 to 2012 Percent Change in Employment Since 1970



Other Key Lessons from Comparison Projects

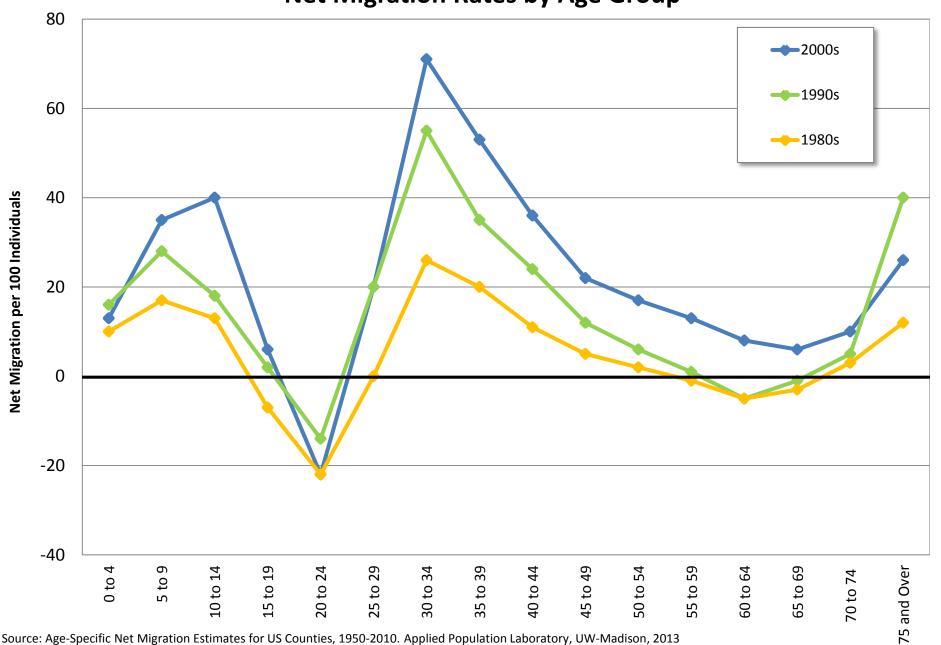
- Cross community collaboration is important, particularly to economic development efforts;
- Emphasize the social, environmental and economic impacts of the bridge;
- Maintain realistic expectations;
- "Over-plan" today for the future.

Key Finding #2 - Population growth trends in the county and metro area are changing. These growth trends are influenced by several larger demographic and economic shifts.

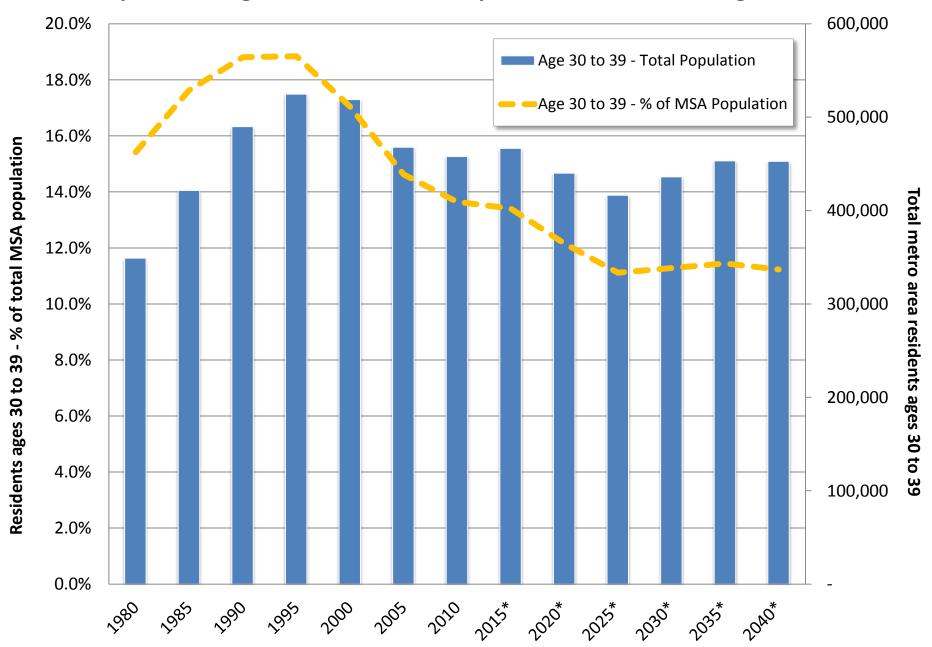
Some Influences on St. Croix County Population Growth

- Completion of the River Crossing;
- Historical demographic patterns;
- Changed housing market since 2005;
- Growth of the Twin Cities metro area;
- Aging of the population and residential preference;
- Different residential preference of the prime house buying age group (enter the Millennials);

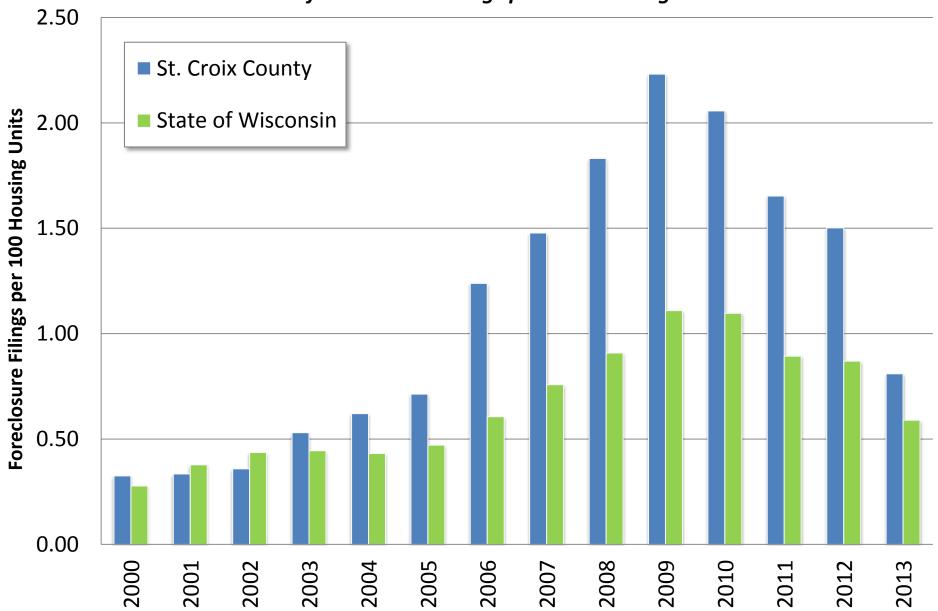
St. Croix County Migration Signature -**Net Migration Rates by Age Group**



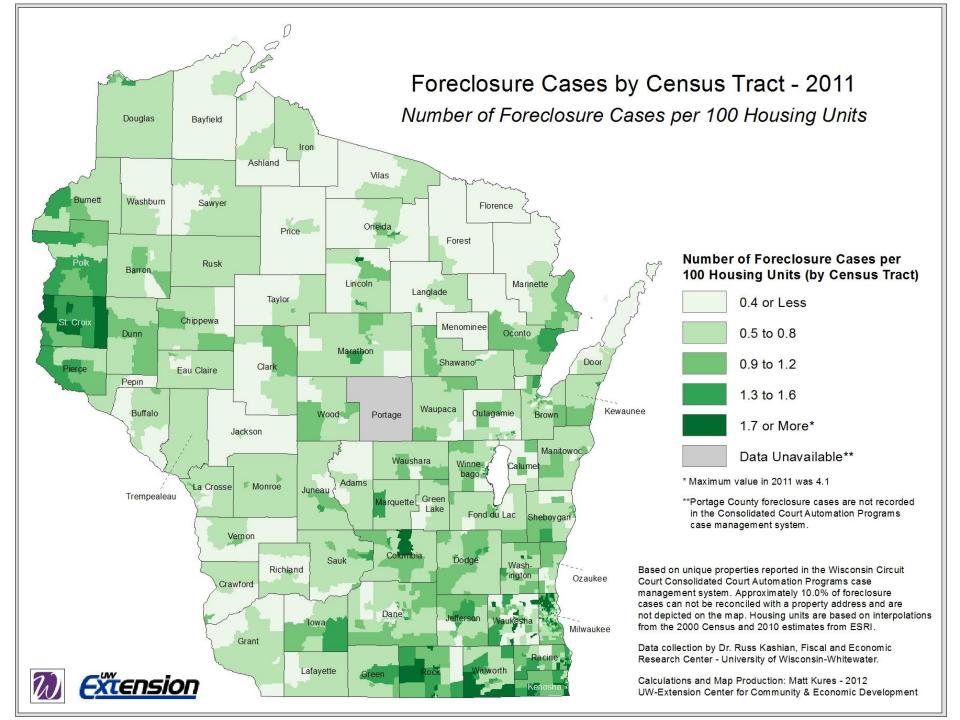
Population Age 30 to 39 - Minneapolis-St. Paul-Bloomington MSA



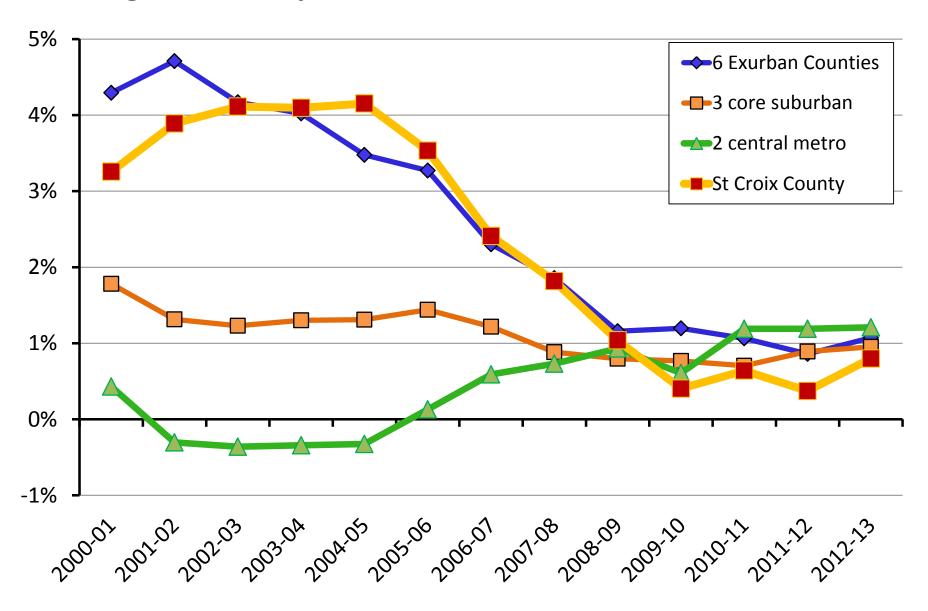
Foreclosure Case Filing Rates 2000 through 2013 Number of Foreclosure Filings per 100 Housing Units



Based on filings reported in the Wisconsin Circuit Court Consolidated Court Automation Programs case management system. Housing units are based on annual estimates from the Wisconsin Department of Administration Demographic Services Center.

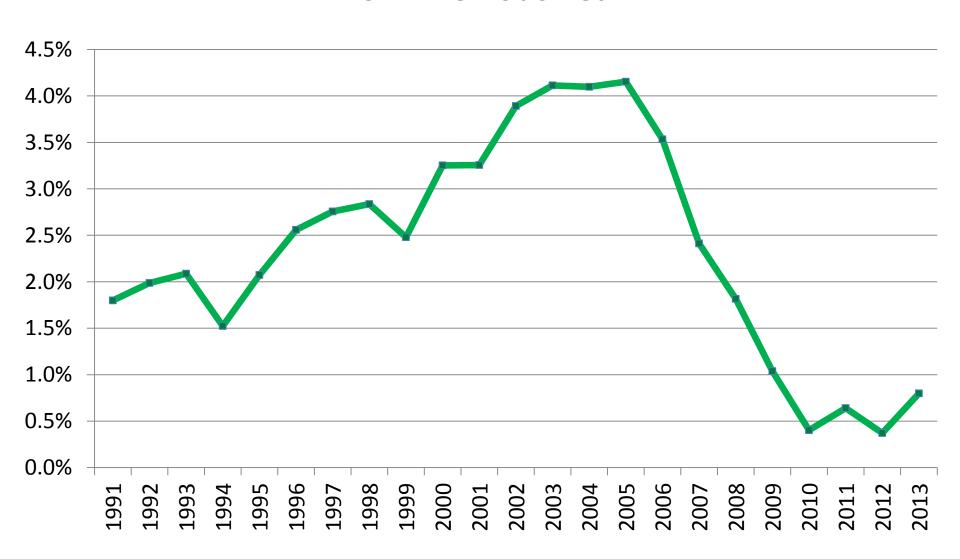


Convergence of Population Growth Rates in the Metro Area

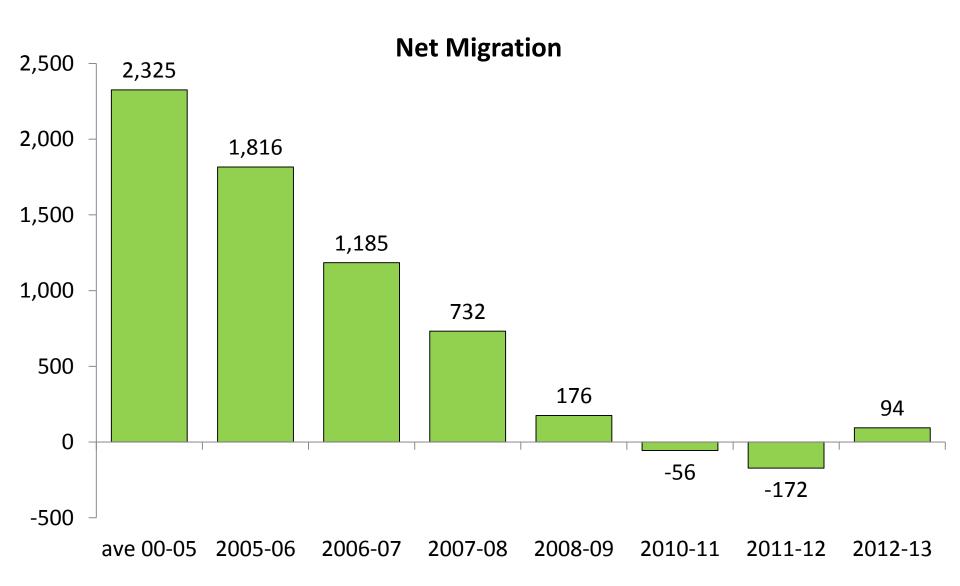


Census Bureau estimates, 2000-09 aligned with 2010 Census

St Croix County Percent Population Change from Previous Year

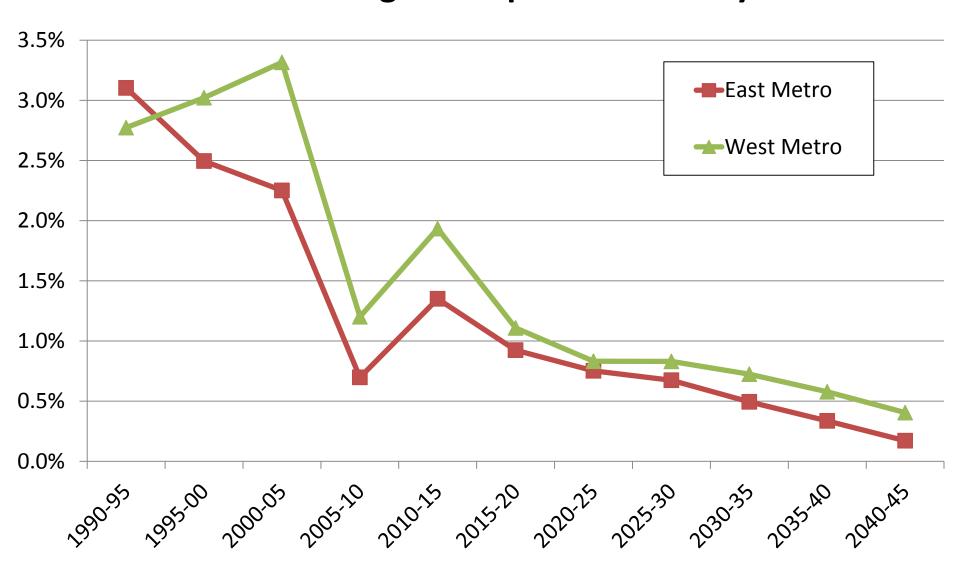


St. Croix County Net Migration



Gillaspy Demographics

Average Annual Population Growth Of Twin Cities Metro Area Excluding Hennepin and Ramsey Counties



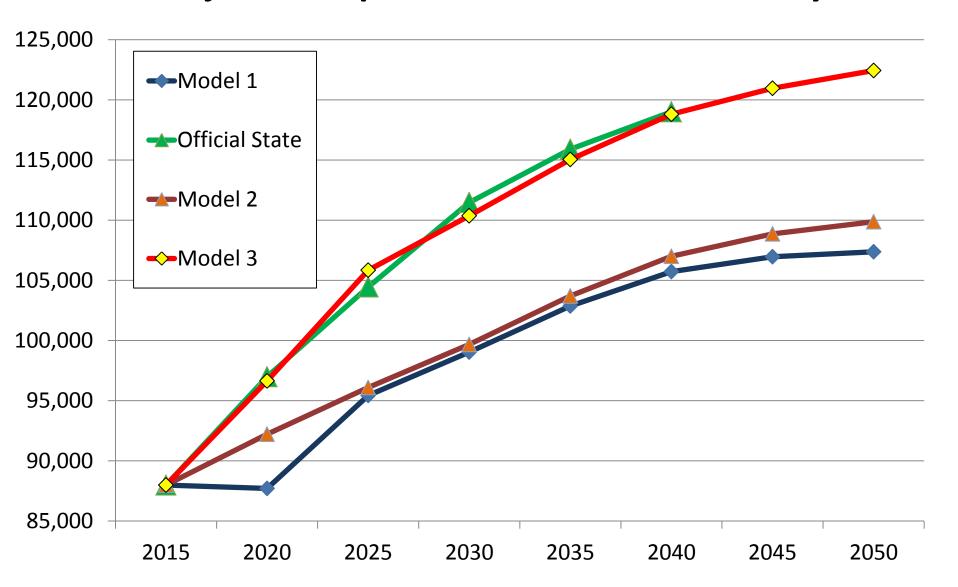
Projecting St. Croix County

- Use cohort-component method;
- Project births, deaths and migration based on demographic profile of the county;
- Fertility and mortality characteristics similar to those of Minnesota and Wisconsin;
- Migration profile by age and gender by decade for the past 60 years used to develop alternative assumptions about migration after 2015.

Alternative Projections For St Croix County

- Model 1 (Slow Start) Continuation of current outmigration from 2015 to 2020, then rapid in-migration of about 1,200 per year from 2020-25, slowing to 200-400 per year after;
- Model 2 (Steady In-Migration)—Steady in-migration of 200-500 per year;
- Model 3 (Rapid Growth moderating after 2025)—1,100
 to 1,500 in-migration per year through 2025, moderating
 to 300-500 after—very close to the official state
 projection;

Focus on Three Alternative Models of Projected Population for St. Croix County

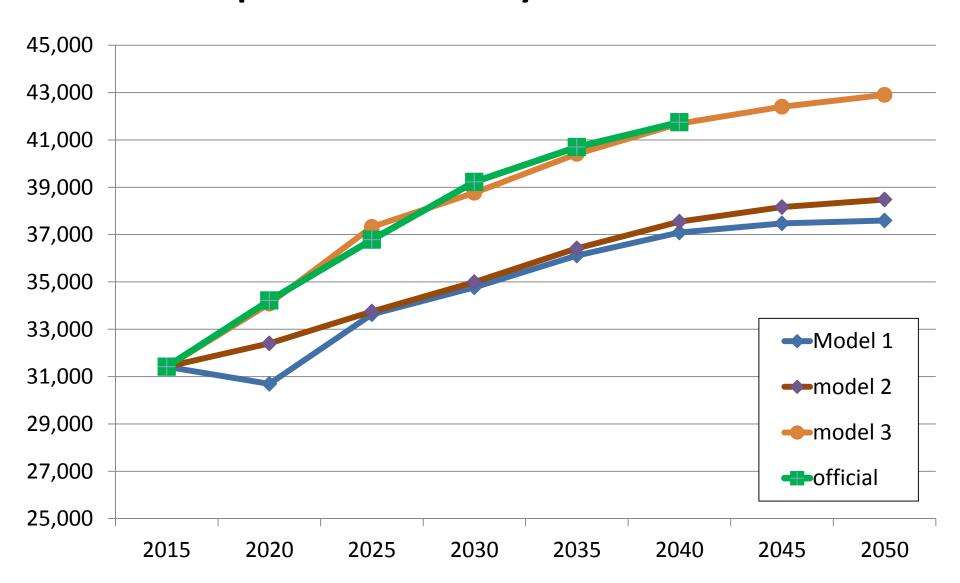


Highest Likely Impact Area for Bridge-Related Development (Corridor Communities)

 Closest to the bridge are the Town of St. Joseph, Village of Somerset, Town of Somerset, and the Village of North Hudson —These account for 17% of the county's population and 15% of growth in the past decade, slowing from 18% in the 1990s.

 Adding the City of New Richmond, Town of Richmond, Village of Star Prairie and Town of Star Prairie, the area includes 35% of the county population and 38% of growth.

Assume Corridor Communities Have Constant Proportion Of County Growth At 38%

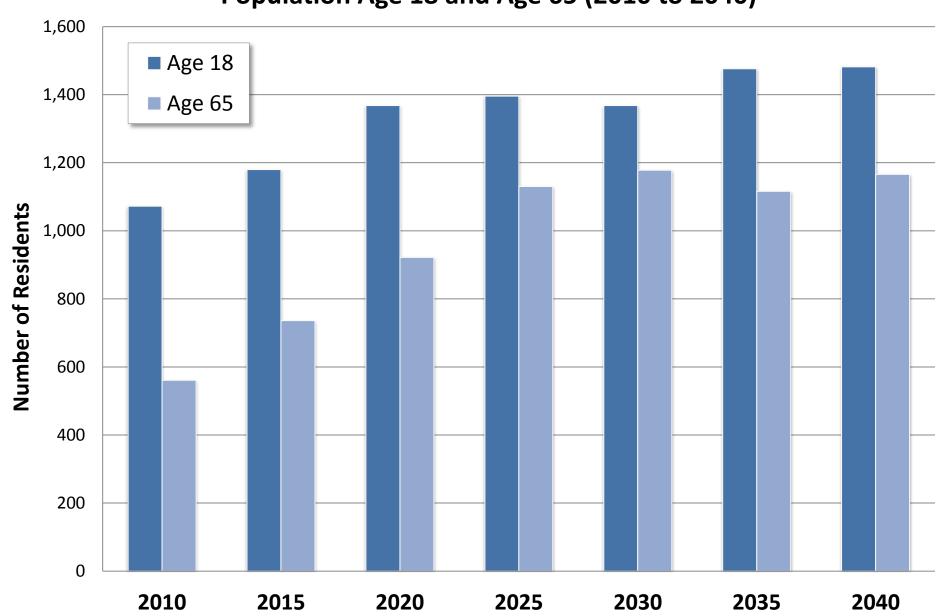


Key finding #3 - Pending some dramatic change in the regional or national economy, population in St. Croix County and Corridor Communities likely will grow.

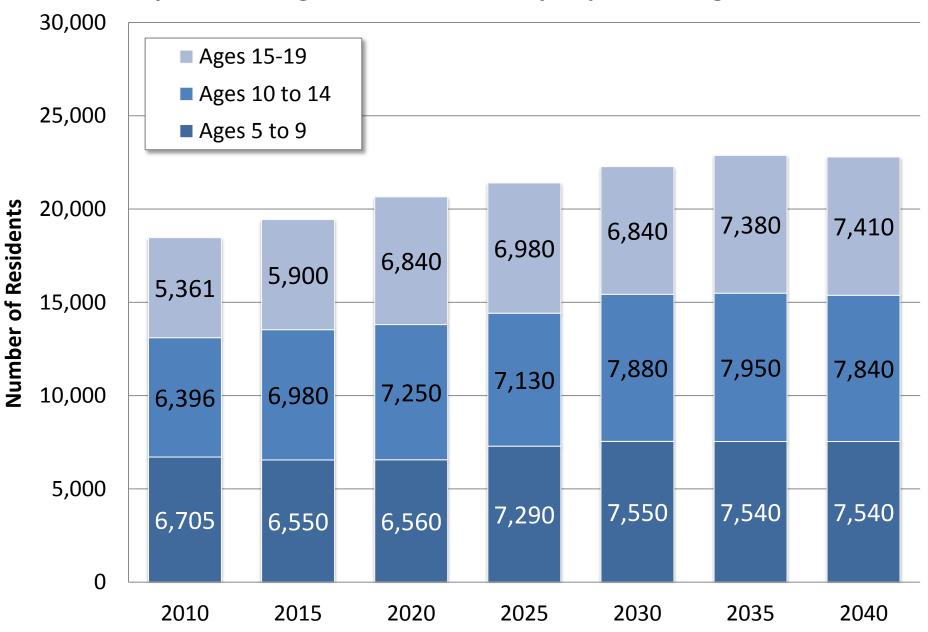
However, trends suggest that it is less likely that St. Croix County will return to the growth rates experienced in the 1990s and 2000s.

	Official State of Wisconsin (DOA)		Model 2	
Year	Total Population	Change from Prior Period	Total Population	Change from Prior Period
2010	29,993	N/A	29,993	N/A
2015	31,412	1,419	31,412	1,419
2020	34,215	2,802	32,403	990
2025	36,781	2,567	33,748	1,345
2030	39,225	2,444	34,993	1,245
2035	40,698	1,473	36,416	1,423
2040	41,747	1,049	37,547	1,131

Estimated Convergence of the St. Croix County Population Age 18 and Age 65 (2010 to 2040)



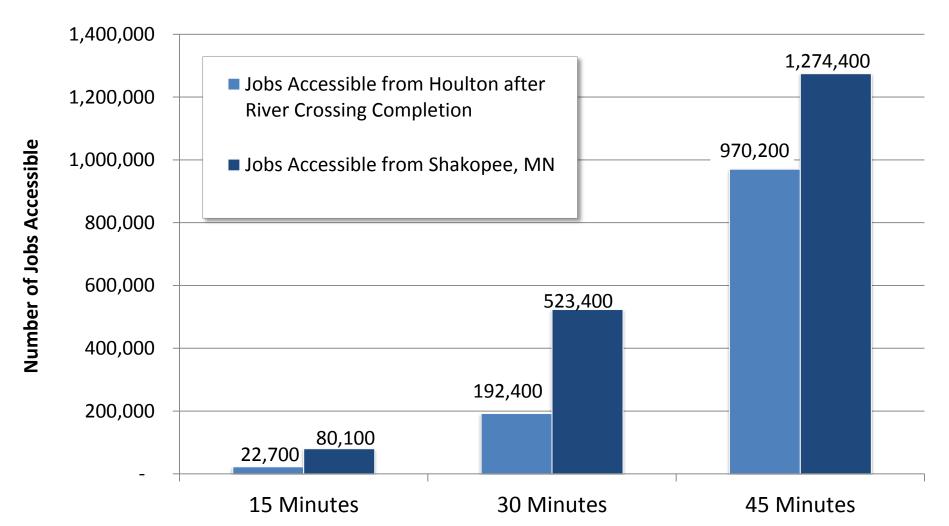
Projected Change in St. Croix County Population Ages 5 to 19



Key Finding #4 - Population projections are not absolute, but should instead provide guidance for policy development.

- Communities need to decide how/if they want to grow and the types of residents they want to attract;
- Communities will be influenced by the decisions of their neighbors (again, likely will need to partner with other municipalities);
- Tools can be implemented to either promote or discourage development - Zoning restrictions, encouraging developments that target specific demographic segments, marketing, financial incentives, lot size restrictions, statutory language, etc.;
- Highly suggest benchmarking key indicators in the community to respond to change (traffic counts, building permits, school enrollments, demand for county government services, real estate transactions, emergency calls, other socio-economic data).

Key Finding #5 - An improved river crossing will increase access to jobs in the region, but Corridor communities will also need to attract and retain residents on the basis of other local economic and quality-of-life characteristics.



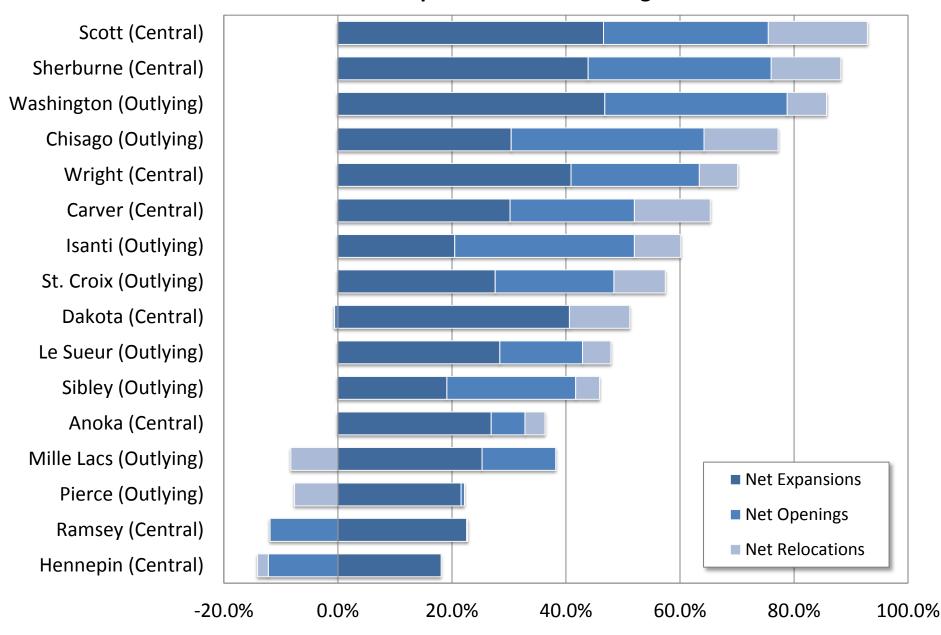
Key finding #6 – Population growth will drive growth in retail, hospitality, health care, construction, real estate and personal services. However, this growth will also create new demand for government services that must be considered

- Depending on the population projection used, new residents in the Corridor may support 750 to 850 private sector jobs in these industries over the next decade;
- Will need strategies to stem spending leakage St. Croix County suggests consumer spending leaking from the county in a number of retail and service categories;
- Over the past two decades, St. Croix County has had 45 to 50 local government employees for every 1,000 residents (across all local government units, not just employees of St. Croix County itself);

Key Finding #7 - New economic development and activity likely will occur in an incremental manner. The relocations of large firms to the Corridor based solely on the crossing are less probable.

- Most job growth in the region and the county is driven by expansions and new start-ups. Often, expansions and start-ups are attributed to smaller establishments;
- Large-scale relocations and start-ups do occur, but are relatively infrequent compared to firms of other sizes;
- Communities should be prepared to offer space to smaller business and entrepreneurs. Need to provide access or connections to the needs of these firms (broadband, technical assistance, workforce development, access to capital, etc.)

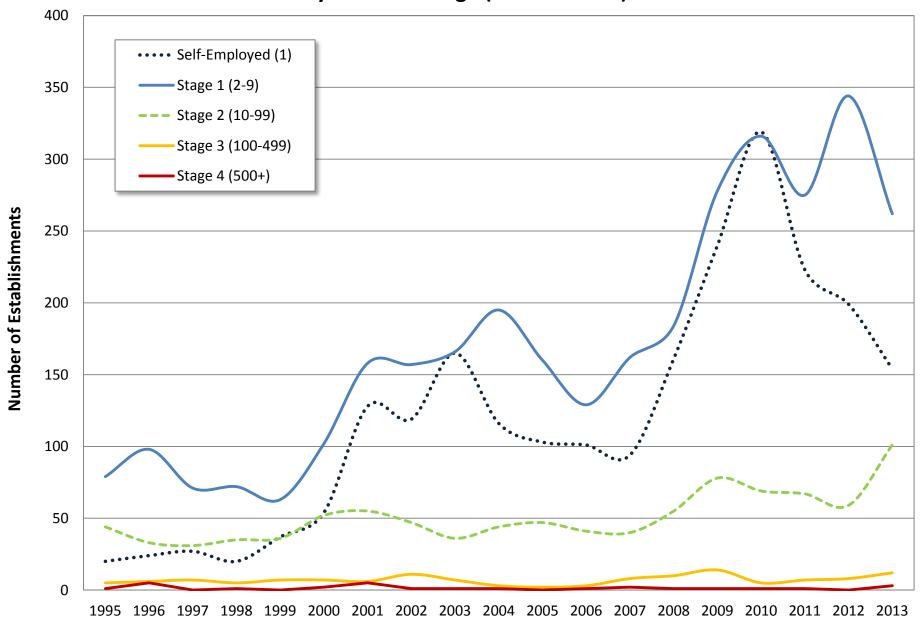
Components of Job Growth (1995 to 2013) Counties in the Minneapolis-St. Paul-Bloomington MSA



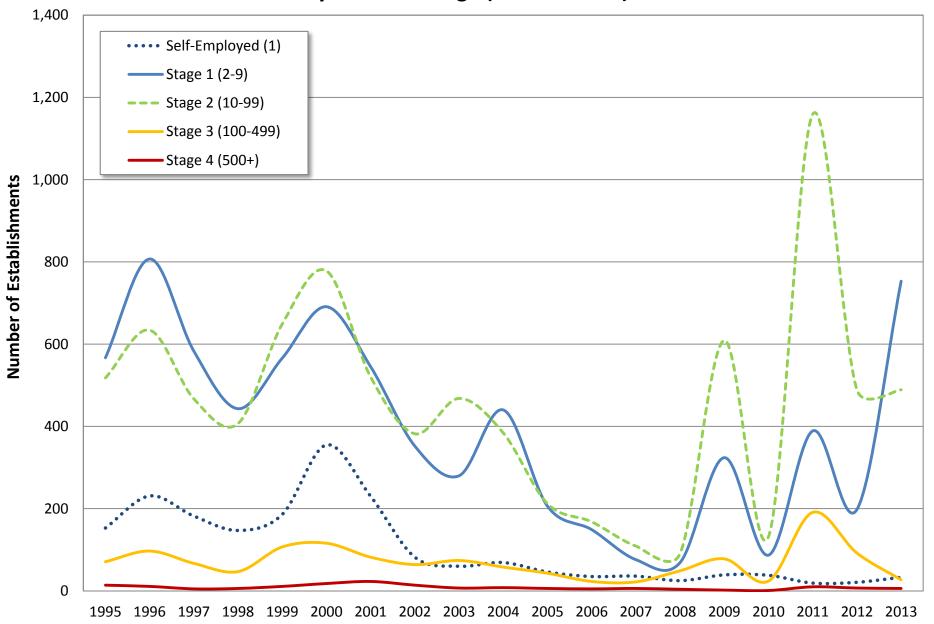
Business Stages

- **Self-Employed (1 employee)** Small-scale business activity that can be conducted in homes as well as sole proprietorships;
- Stage 1 (2-9 employees) Includes partnerships, lifestyle businesses and startups. Often
 focused on defining a market, developing a product or service, obtaining capital and finding
 customers;
- **Stage 2 (10-99 employees)** A company typically has a proven product, and survival is less of a daily concern. Companies begin to develop infrastructure and standardize operational systems. Leaders delegate more and wear fewer hats;
- Stage 3 (100-499 employees) Expansion is a hallmark as companies broaden their geographic reach, add new products and pursue new markets. Stage 3 companies introduce formal processes and procedures, and the founder is less involved in daily operations and more concerned with managing culture and change;
- Stage 4 (500 or more employees) By Stage 4, an organization is typically dominant in its industry and is focused on maintaining and defending its market position. Key objectives focus on tasks such as controlling expenses, raising productivity, increasing market penetration and managing market niches.

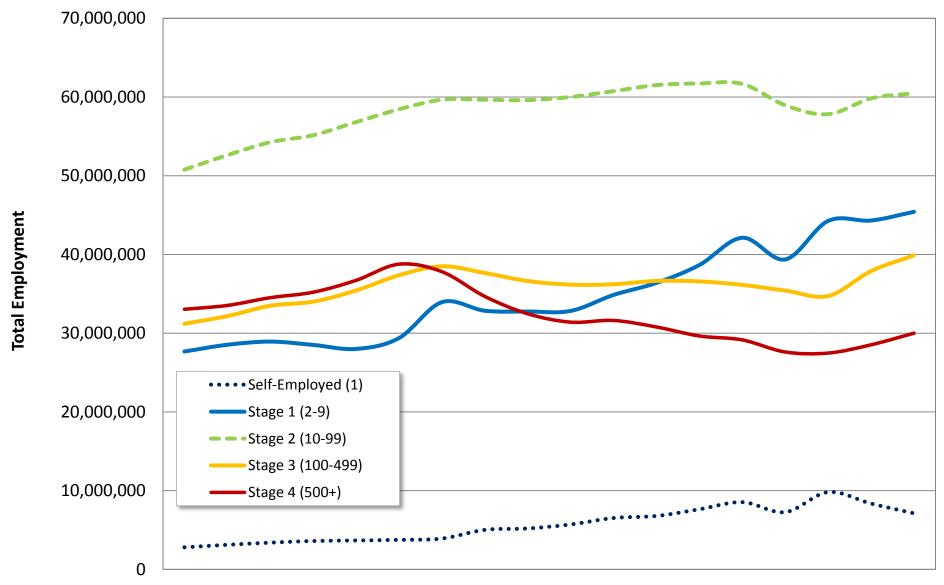
Establishments Relocating to the Minneapolis-St. Paul-Bloomington MSA by Business Stage (1995 to 2013)



Expansion Start-ups in the Minneapolis-St. Paul-Bloomington MSA by Business Stage (1995 to 2013)



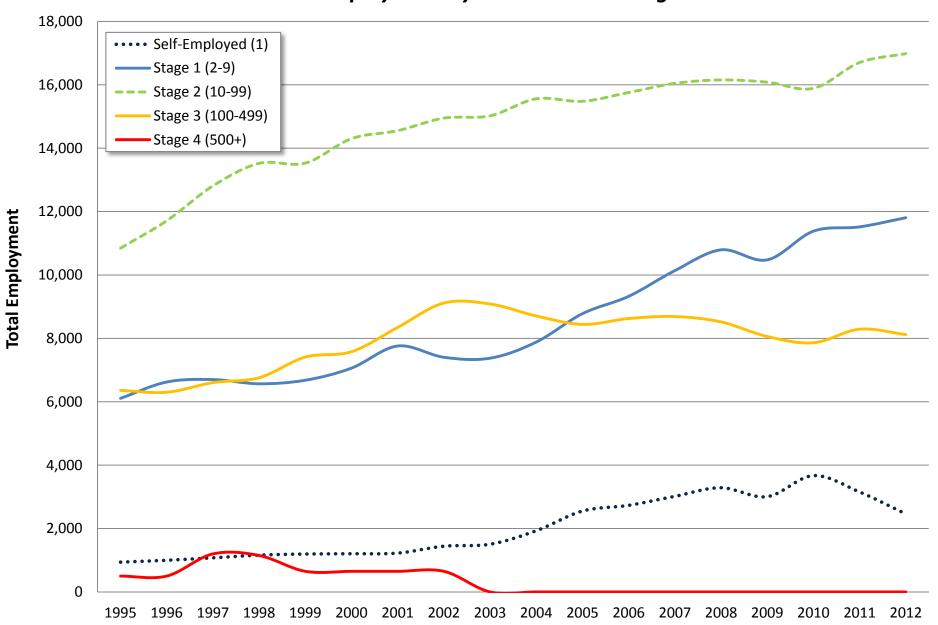
United States Employment 1995 to 2012 Total Employment by Establishment Stage



1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

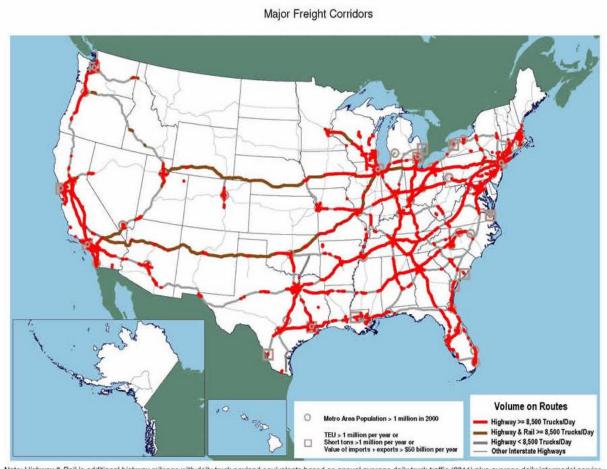
St. Croix County Employment 1995 to 2012

Total Employment by Establishment Stage



Key Finding #8 – The Crossing has an opportunity to create further connections between St. Croix County and the Metro Area Economy

The River Crossing itself does not necessarily provide a comparative advantage for transporting freight out of the County. However, it <u>does</u> increase access to the metro area economy.



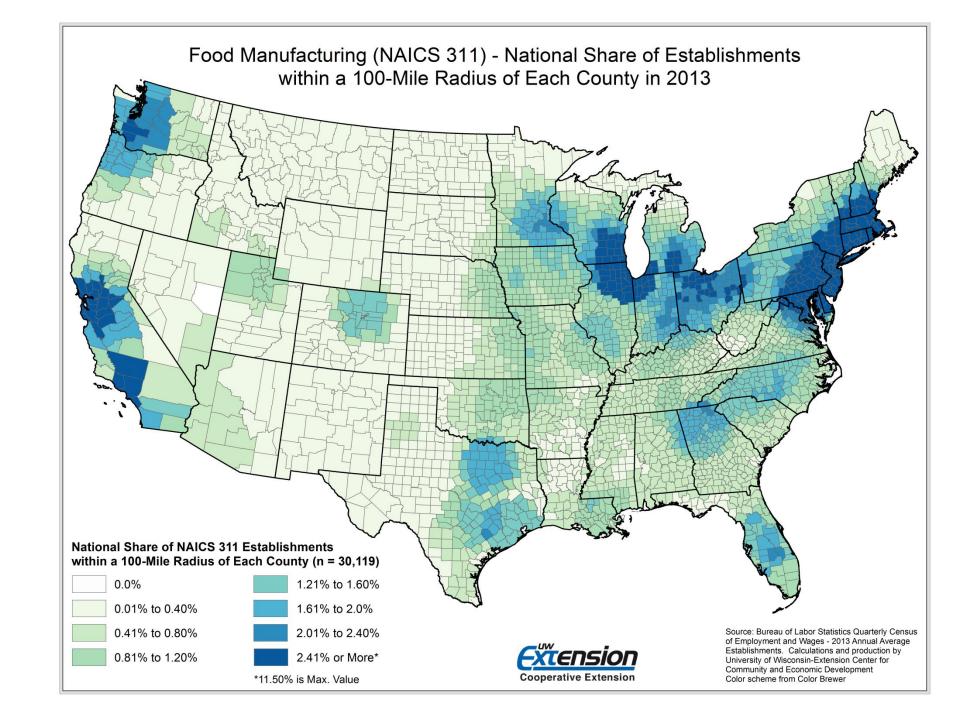
Note: Highway & Rail is additional highway mileage with daily truck payload equivalents based on annual average daily truck traffic (2011) plus average daily intermodal service on parallel railroads. Average daily intermodal service is the annual tonnage moved by container-on-flatcar and trailer-on-flatcar service divided by 365 days per year and 16 tons per average truck payload.

Source: U.S. Department of Transportation, Federal Highway Administration, Office of Freight Management and Operations, 2013

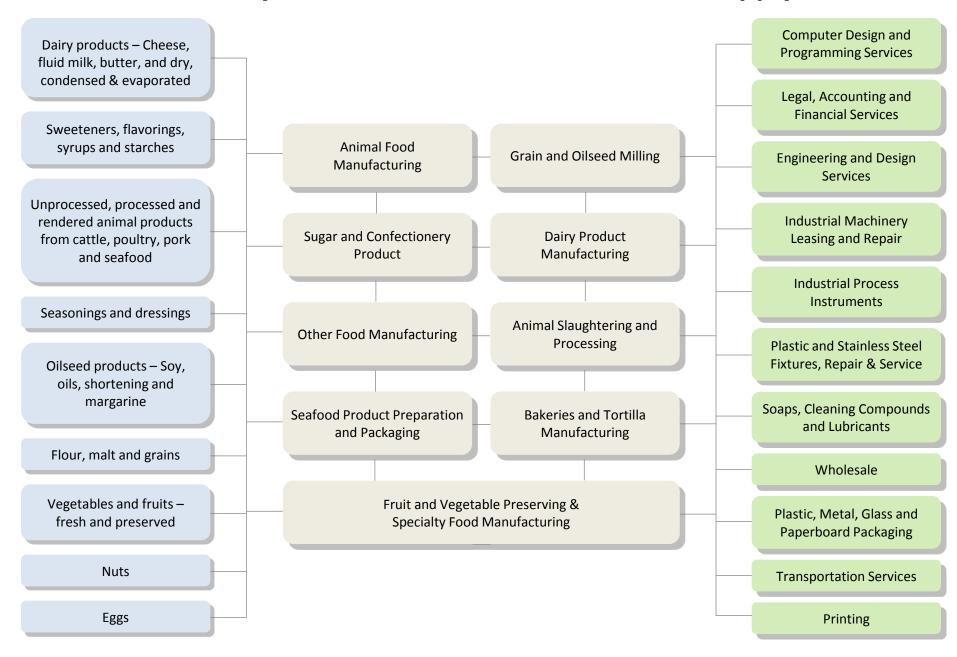
The Crossing can create better connections to industry clusters and specializations that are foundations of the regional economy

- The Crossing may help establishments more efficiently reach customers and industry concentrations in the metro region. This is particularly relevant for firms that may depend on just-in-time delivery or quick order turnarounds.
- May also provide better access to the large industry clusters present in the Minneapolis-St. Paul region:
 - Medical Devices;
 - Lighting and Electrical Equipment;
 - Analytical Instruments;
 - Processed Food;
 - Metal Manufacturing;
 - Distribution Services,
 Transportation and Logistics;

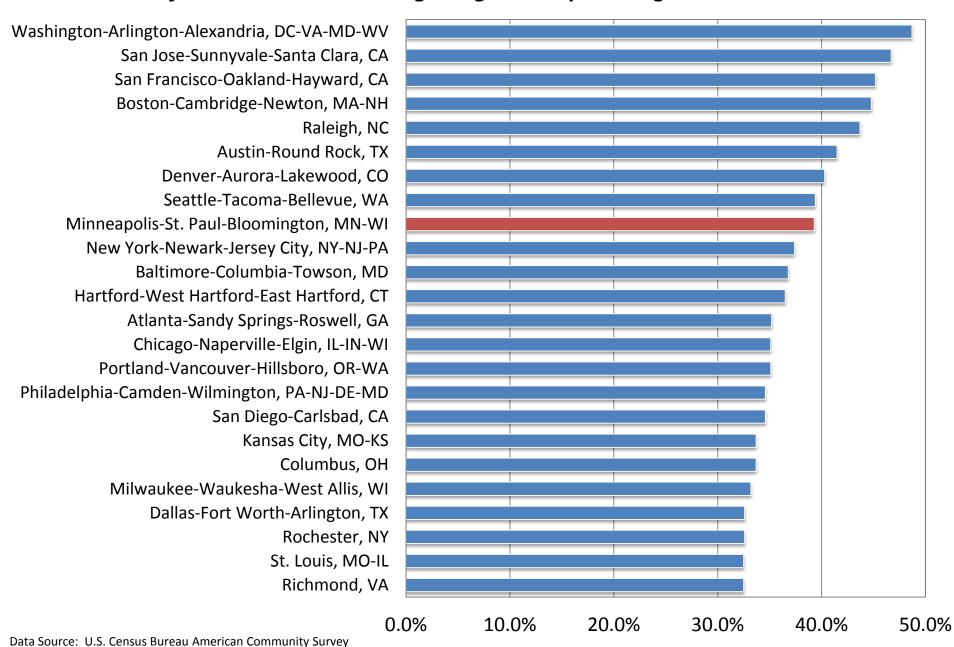
- Financial Services;
- Publishing and Printing;
- Production Technology;
- Information Technology;
- Management of Companies.



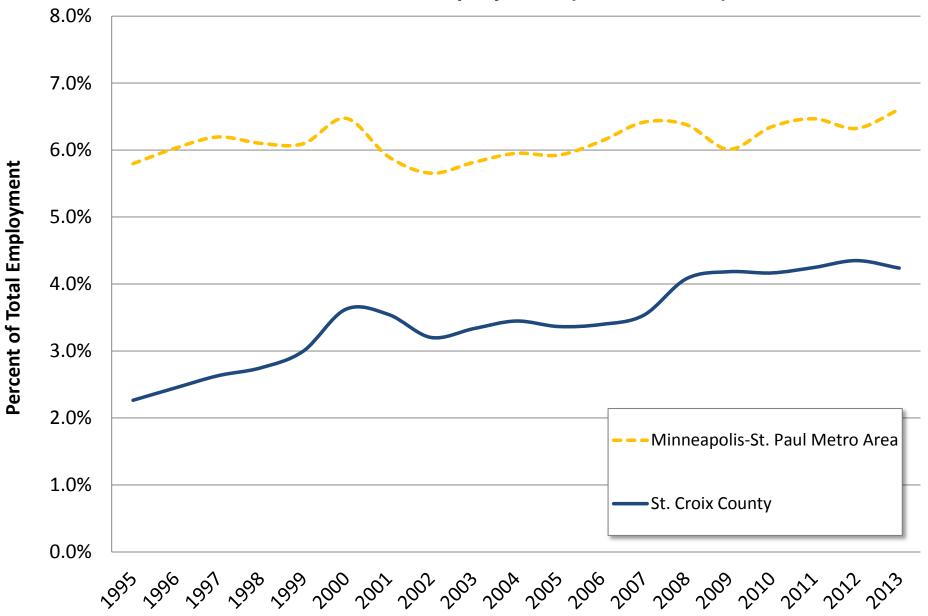
St. Croix County as a Part of Clusters and Cluster Supply Chains



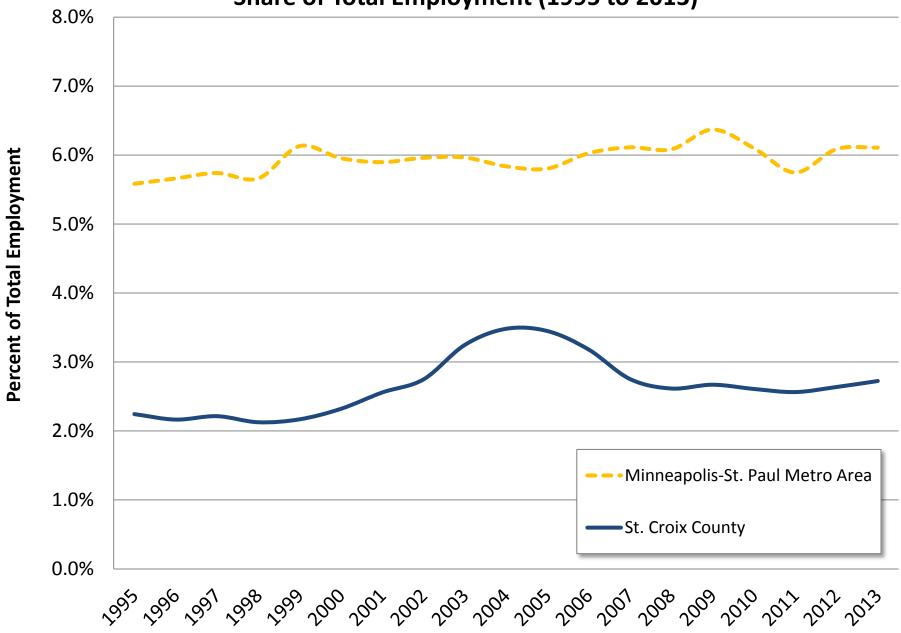
Leveraging the Crossing to Create Access to an Educated Workforce Share of Residents with a College Degree – Top 25 Large Metro Areas



Professional, Scientific and Technical Services Employment as a Share of Total Employment (1995 to 2013)



Financial and Insurance Employment as a Share of Total Employment (1995 to 2013)



Other Economic Development Observations

- The bike/pedestrian trail has an opportunity create economic benefits for the communities, both as a quality of life consideration and through user impacts. These impacts likely will be fully realized when there is a larger trail system in place and businesses are available to take advantage of user spending;
- A formal marketing and business development plan may also help in trailrelated economic development;
- Overall, these trends and figures do not mean that communities should not be ready to accommodate large firms or other sorts of development. As with population growth, communities have an opportunity to influence economic development through specific strategies and levering local assets;

Final Points of Emphasis

- Corridor communities and the county have an opportunity to shape their respective futures;
- Need to continually monitor what is occurring (benchmark);
- Over-plan today for the future;
- Foster cross-community collaboration;
- Maintain realistic expectations.